Ordinance or Law CIC 953

This endorsement covers losses which result from the enforcement of laws or ordinances (building codes) controlling the restoration of a building after a covered loss. To be eligible for this optional coverage, a building must have been fully renovated within the last 25 years. (Click here to refer to the General Guidelines and Rules.) In addition the building must be insured to 100% of its replacement cost. There are three coverages:

- **Coverage A - Loss to the Undamaged Portion of the Building**
  Many communities have building codes that require that the undamaged portion of a building be demolished if a loss exceeds a certain percentage of a building's value. This coverage extends the Building Limit to cover loss to the undamaged portion of the building.

- **Coverage B - Demolition Cost**
  A separate limit of insurance can be purchased to cover the cost to demolish the undamaged portions of the building if required by a building code.

- **Coverage C - Increased Cost of Construction**
  A separate limit can be chosen to cover the increased cost of construction due to requirements to bring a building up to current code.

Ordinance or Law Coverage Rating Example

Building Limit is $100,000	Increased Cost of Construction is $40,000
Liability Limit is $300,000	Mercantile Building Base Rate is 9.39
Demolition Cost is $50,000	Coverage Factor is 1.11

For simplicity, this example assumes the Building and Contents modifier does not apply.

1) **Coverage A** - Coverage for Loss to the Undamaged Portion of the Building.
2) **Coverage B** - Demolition Cost Coverage.
3) **Coverage C** - Increased Cost of Construction Coverage.

Building Base Rate x Ordinance or Law Factor x [Building Limit + Demolition Limit + Increased Cost of Construction limit (in thousands)] = Building and Ordinance or Law Coverage Premium combined.

9.39 X 1.11 X [100 + 50 + 40] = $1,980

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